IN THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF TEXAS TYLER DIVISION

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§	CIVIL ACTION NO. 6:07CV80 (LED)
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§	JURY TRIAL
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MICROSOFT'S ANSWER, DEFENSES, AND COUNTERCLAIMS TO <u>VIRNETX'S FIRST AMENDED COMPLAINT</u>

Microsoft Corporation ("Microsoft") respectfully submits this Answer, these Defenses, and these Counterclaims in response to the First Amended Complaint of VirnetX Inc. ("VirnetX"), which supersedes VirnetX's previously filed Complaint, as follows:

THE PARTIES

- 1. In response to the allegations in paragraph 1 of the First Amended Complaint, Microsoft is without knowledge or information sufficient to form a belief as to the truth of the averments in paragraph 1 of the First Amended Complaint and, on that basis, denies them.
- 2. In response to the allegations in paragraph 2 of the First Amended Complaint, Microsoft admits that it is a corporation organized and existing under the laws of the State of Washington and that its principal place of business is One Microsoft Way, Redmond, Washington 98052. Microsoft admits that it is qualified to do business in the State of Texas for purposes of this action and that Corporation Service Company is its agent for service of process as to this action. Except as so expressly admitted herein, Microsoft denies the remaining allegations in paragraph 2 of the First Amended Complaint.



JURISDICTION AND VENUE

- 3. In response to the allegations in paragraph 3 of the First Amended Complaint, Microsoft admits that VirnetX's First Amended Complaint purports to be an action for patent infringement and that the Court has subject-matter jurisdiction over such action. Except as so expressly admitted herein, Microsoft denies the remaining allegations in paragraph 3 of the First Amended Complaint.
- 4. In response to the allegations in paragraph 4 of the First Amended Complaint, Microsoft admits that this Court has personal jurisdiction over it. Microsoft admits for purposes of this action that it conducts business within the State of Texas and elsewhere in the United States. Except as so expressly admitted herein, Microsoft denies the remaining allegations of paragraph 4 of the First Amended Complaint.
- 5. In response to the allegations in paragraph 5 of the First Amended Complaint, Microsoft admits that it has filed the following actions in this judicial district: *Microsoft Corp. v. Butcher*, No. 2:06-cv-00371-DF (E.D. Tex. filed Sept. 15, 2006), and *Autodesk Inc. and Microsoft Corp. v. C&D Robotics Inc.*, No. 1:99-cv-103 (E.D. Tex. filed Feb. 29, 1999). Except as so expressly admitted herein, Microsoft denies the remaining allegations of paragraph 5 of the First Amended Complaint.
- 6. In response to the allegations in paragraph 6 of the First Amended Complaint, Microsoft admits for purposes of this action that venue is proper as to Microsoft in this judicial district. Except as so expressly admitted herein, Microsoft denies the remaining allegations of paragraph 6 of the First Amended Complaint.

PATENTS IN SUIT

7. In response to the allegations in paragraph 7 of the First Amended Complaint, Microsoft admits that United States Patent No. 6,502,135 B1 ("the '135 patent") on its face recites an issue date of December 31, 2002 and bears the title "Agile Network Protocol for Secure Communications with Assured System Availability." Microsoft further admits that a copy of the '135 patent is attached as Exhibit A to the First Amended Complaint. Except as so



expressly admitted, Microsoft denies the remaining allegations of paragraph 7 of the First Amended Complaint.

- 8. In response to the allegations in paragraph 8 of the First Amended Complaint, Microsoft admits that United States Patent No. 6,839,759 B2 ("the '759 patent") on its face recites an issue date of January 4, 2005 and bears the title "Method for Establishing Secure Communication Link Between Computers of Virtual Private Network Without User Entering Any Cryptographic Information." Microsoft further admits that a copy of the '759 patent is attached as Exhibit B to the First Amended Complaint. Except as so expressly admitted, Microsoft denies the remaining allegations of paragraph 8 of the First Amended Complaint.
- 9. In response to the allegations in paragraph 9 of the First Amended Complaint, Microsoft admits that United States Patent No. 7,188,180 B2 ("the '180 patent") on its face recites an issue date of March 6, 2007 and bears the title "Method for Establishing Secure Communication Link Between Computers of Virtual Private Network." Microsoft further admits that a copy of the '180 patent is attached as Exhibit C to the First Amended Complaint. Except as so expressly admitted, Microsoft denies the remaining allegations of paragraph 9 of the First Amended Complaint.
- 10. In response to the allegations in paragraph 10 of the First Amended Complaint, Microsoft is without knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 10 of the First Amended Complaint and, on that basis, denies them.

COUNT ONE

- 11. In response to the allegations of paragraph 11 of the First Amended Complaint, Microsoft incorporates its responses to paragraphs 1-10 above as if fully set forth herein.
- 12. In response to the allegations in paragraph 12 of the First Amended Complaint, Microsoft responds: denied.



- 13. In response to the allegations in paragraph 13 of the First Amended Complaint, Microsoft responds: denied.
- 14. In response to the allegations in paragraph 14 of the First Amended Complaint, Microsoft responds: denied.
- 15. In response to the allegations in paragraph 15 of the First Amended Complaint, Microsoft responds: denied.
- 16. In response to the allegations in paragraph 16 of the First Amended Complaint, Microsoft responds: denied.
- 17. In response to the allegations in paragraph 17 of the First Amended Complaint, Microsoft responds: denied.
- 18. In response to the allegations in paragraph 18 of the First Amended Complaint, Microsoft responds: denied.
- 19. In response to the allegations in paragraph 19 of the First Amended Complaint, Microsoft responds: denied.
- 20. In response to the allegations in paragraph 20 of the First Amended Complaint, Microsoft responds: denied.

COUNT TWO

- 21. In response to the allegations of paragraph 21 of the First Amended Complaint, Microsoft incorporates its responses to paragraphs 1-10 above as if fully set forth herein.
- 22. In response to the allegations in paragraph 22 of the First Amended Complaint, Microsoft responds: denied.
- 23. In response to the allegations in paragraph 23 of the First Amended Complaint, Microsoft responds: denied.
- 24. In response to the allegations in paragraph 24 of the First Amended Complaint, Microsoft responds: denied.



- 25. In response to the allegations in paragraph 25 of the First Amended Complaint, Microsoft responds: denied.
- 26. In response to the allegations in paragraph 26 of the First Amended Complaint, Microsoft responds: denied.
- 27. In response to the allegations in paragraph 27 of the First Amended Complaint, Microsoft responds: denied.
- 28. In response to the allegations in paragraph 28 of the First Amended Complaint, Microsoft responds: denied.
- 29. In response to the allegations in paragraph 29 of the First Amended Complaint, Microsoft responds: denied.
- 30. In response to the allegations in paragraph 30 of the First Amended Complaint, Microsoft responds: denied.

COUNT THREE

- 31. In response to the allegations of paragraph 31 of the First Amended Complaint, Microsoft incorporates its responses to paragraphs 1-10 above as if fully set forth herein.
- 32. In response to the allegations in paragraph 32 of the First Amended Complaint, Microsoft responds: denied.
- 33. In response to the allegations in paragraph 33 of the First Amended Complaint, Microsoft responds: denied.
- 34. In response to the allegations in paragraph 34 of the First Amended Complaint, Microsoft responds: denied.
- 35. In response to the allegations in paragraph 35 of the First Amended Complaint, Microsoft responds: denied.
- 36. In response to the allegations in paragraph 36 of the First Amended Complaint, Microsoft responds: denied.



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